

Credit Union Statistical Report 1980



Credit Union National Association, Inc.

1981: A Year of Opportunity

When the economic news for the average American is bad, the news for credit unions cannot be good.

Unfortunately, the economic news was bad for most of 1980. For credit unions, the weak national economy meant only slow growth of shares, a substantial decline during the first half of the year in loans outstanding and a rising cost of money.

All the news wasn't bad, though. Credit unions continued to grow in 1980. More than 45 million Americans are now credit union members. Credit union services have continued to expand, with share drafts leading the way. Approximately 2.5 million credit union members now use share drafts and share drafts are available to many more members.

Credit unions have continued to serve the basic economic needs of their members and have made progress toward the goal of serving more of their members' needs.

But that progress was slowed in 1980 by the shocks of inflation, the credit restraint program, weak automobile sales and high interest rates, led by a prime rate that hit 21 percent by the end of the year.

Credit unions in 1980 passed from a period of a "liquidity crisis" to one of surplus liquidity, as total installment credit for all lending institutions fell during the first half of 1980 and recovered only slowly in the second half. Credit union figures followed that trend, partly due to weak loan demand overall and partly due to the actions or inaction of the federal government.

In March, the imposition of credit restraints by the Federal Reserve Board delivered a stunning blow to consumer lending. By requiring institutions to hold 15 percent of most new credit in sterile reserves, the program simultaneously increased the cost of new credit and severely dampened consumer confidence and willingness to borrow. The result was a sustained drop in consumer loan demand that was not reversed until

the credit controls were lifted in July.

It was not until after credit demand was shaken by that program that most credit unions were freed from the 12 percent loan interest ceiling by the action of Congress at the end of March. Before relief was granted, some credit unions found themselves in the unfortunate position of turning away loan applications because they couldn't afford to lend money at 12 percent while the cost of funds was rising sharply.

As interest rates soared late in the year, many credit unions again felt the pinch of interest rate ceilings, this time at the 15 percent level.

To relieve the pressure, the National Credit Union Administration found it necessary to temporarily increase the legal loan limit to 21 percent and to continue its practice of waiving the transfer of funds to regular reserves.

Despite the substantial economic shocks of 1980, credit unions remain basically healthy and in a good position to resume their substantial rate of growth when—and if—the national economy becomes more stable and predictable.

Loan demand is expected to increase in the second half of 1981, while savings will continue at their current strong rate. Share drafts should continue their growth during the year. Approximately 3.6 million members of about 3,500 credit unions are expected to be using of share drafts by the end of 1981.

The problems that beset credit unions and the nation's economy in general during 1980 won't fade away in 1981. But, barring any further dramatic shocks or reversals in the nation's economy, credit unions should be in a good position to expand services and offer their members more complete financial services than ever before.

We are looking forward to 1981 as a year of opportunity.

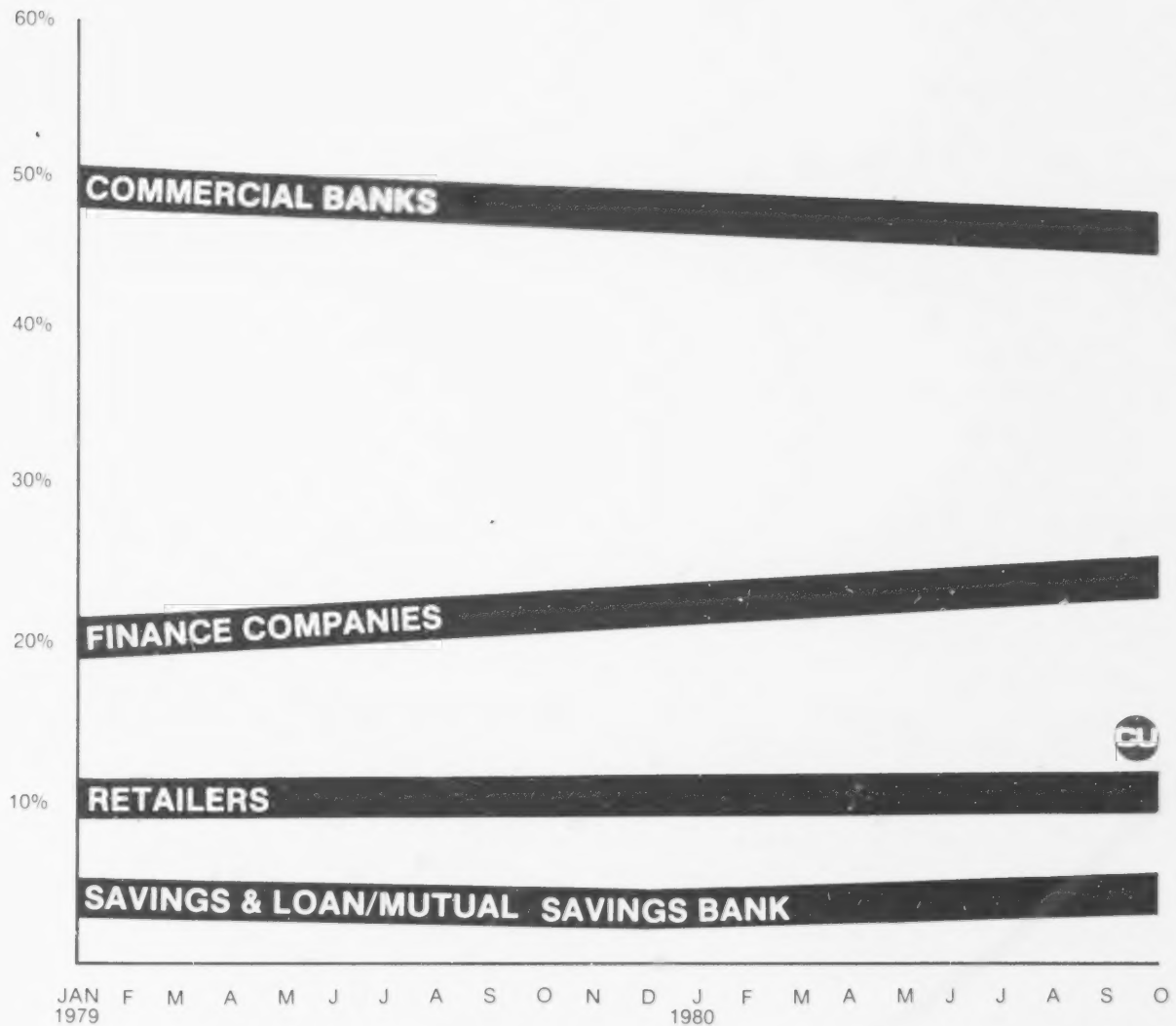


Sam Hallman
President



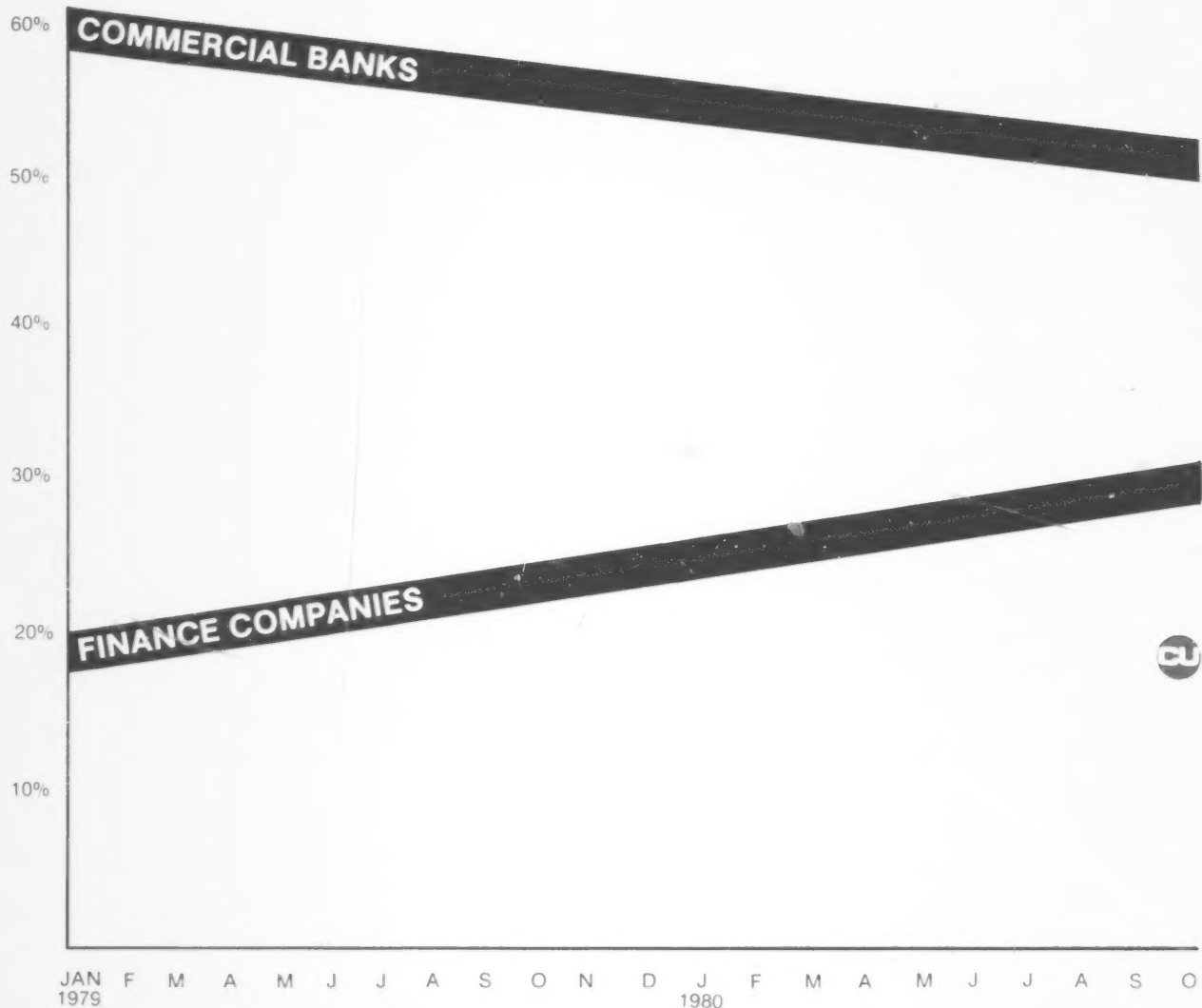
John H. Lewis
Chairman

**Installment Credit by Selected Lenders
1979-80**



	(\$ Millions)		January 1979		December 1979		October 1980	
Commercial Banks	136,452	49.6%	149,604	48.1%	140,897	46.1%		
Finance Companies	55,004	20.0	68,318	22.0	74,985	24.5		
Credit Unions	45,526	16.5	48,186	15.4	43,518	14.3		
Retailers	27,300	9.9	32,232	10.4	31,967	10.5		
Gasoline	3,338	1.2	4,316	1.4	5,042	1.7		
Other	23,962	8.7	27,916	9.0	26,925	8.8		
Savings & Loans/								
Mutual Savings Bank	11,064	4.0	12,782	4.1	14,085	4.6		
S&L	8,427	3.1	10,361	3.3	11,893	3.9		
MSB	2,623	.9	2,421	0.8	2,192	0.7		
Total	\$275,346	100%	\$311,122	100%	\$305,452	100%		

**Share of Auto Loan Market by Selected Lenders
1979-80**



	(\$ Millions) January 1979		December 1979		October 1980	
Commercial Banks	60,682	59.0%	65,229	56.7%	60,145	52.6%
Credit Unions	21,769	21.2	23,042	20.0	20,810	18.2
Finance Companies	20,439	19.8	26,751	23.3	33,497	29.2
Total	\$102,890	100%	\$115,022	100%	\$114,452	100%

The dip in consumer borrowing during 1980 was chiefly felt by commercial banks, credit unions and mutual savings banks. Retailers and savings and loan associations were able to increase their shares of the installment loan market slightly.

The big winners were finance companies, which were able to obtain high cost funds on the money markets and then pass along those high costs to con-

sumers, while many other lenders were held to lower interest rates by law or regulation.

The same weakness of loan demand that was true in all installment lending also appeared in the auto loan market. Here again, commercial banks and credit unions were hampered by a lack of lendable funds, while finance companies were able to gain market share by continuing to make loans, even at relatively high interest rates.

Credit Union Share Composition, 1980

% of Total Shares

	Regular Shares	MMC's	Share Certificates	Share Drafts
J	89.8%	7.1%	2.0%	1.1%
F	88.8	7.6	2.2	1.4
M	87.9	8.4	2.3	1.4
A	86.9	9.3	2.4	1.4
M	85.5	10.4	2.5	1.6
J	86.6	9.0	2.6	1.8
J	86.0	9.1	2.8	2.1
A	85.6	9.3	2.8	2.3
S	86.1	9.2	2.7	2.0
O*	84.9	10.2	2.8	2.1
N*	84.5	10.3	2.8	2.2
D*	84.3	10.6	2.7	2.4

Source: CUNA Custom Research

* preliminary estimates

Estimated Cost of Funds, 1980

	Total ¹	MMC's ²	Certificates ²
J	6.86%	10.89%	12.0%
F	6.94	11.33	12.0
M	7.03	11.87	12.0
A	7.16	12.70	12.0
M	7.28	13.08	12.0
J	7.14	12.72	11.70
J	7.07	12.03	11.58
A	7.00	11.41	11.17
S	6.97	11.01	10.96
O	6.98	10.65	10.96
N	6.90	10.06	11.17
D	6.91	10.05	11.38

¹ Assumes the distribution in the preceeding table and 6.5% for regular shares and 3.0% for share drafts.

² Average rate for the preceeding six months. This assumes the credit union with certificates has them maturing regularly throughout the period.

The MMC rate will be increasing for at least the next 4 months. The assumed rate for January, 1981, is 11.13%.

The percentage of credit union savings held in money market certificates (MMCs) closely paralleled the rise and fall of interest rates nationally.

As interest rates rose and remained high during the first half of the year, credit union members reacted by moving their money from regular shares into higher-paying money market certificates. In May, when money market certificates hit their early-year interest peak, they also showed their greatest popularity among credit union members.

As market interest rates declined dramatically in the late spring and summer, credit union members tended to switch their money from maturing money market certificates into regular shares—only to move back to MMCs again in the fall as interest rates climbed.

Uncertainty over the legal future of share drafts slowed their growth during the first four months of 1980. But figures show a dramatic surge once the Depository Institutions Deregulation Act was passed at the end of March. The percentage of credit union funds held in share draft accounts more than doubled during the year.

Loan/Savings Ratios by Month 1979-1980

	1979		1980
Jan	95.4	Jan	93.9
Feb	94.7	Feb	92.5
Mar	92.9	Mar	90.5
Apr	93.8	Apr	89.4
May	93.2	May	86.5
June	92.2	June	81.2
July	92.4	July	79.6
Aug	93.6	Aug	78.0
Sept	93.5	Sept	74.0
Oct	96.0	Oct	73.8
Nov	95.8	Nov	73.6
Dec	94.5	Dec*	76.0

Perhaps the most dramatic credit union statistic during 1980 was the fall of the loan/share ratio. With loan demand running high in 1979, the credit union movement lent out more than 90 percent of total savings.

But loan demand dropped significantly during the first part of 1980, as consumer confidence was shaken

Savings Accounts in Major Financial Institutions
(\$ Millions)

	Dec. 31, 1979		Sept. 30, 1980	
	\$	%	\$	%
Commercial Banks	431,400	36.1	466,000	37.1
Savings & Loan Assns.	440,500	36.9	457,600	36.4
Mutual Savings Banks	139,600	11.7	144,200	11.5
Credit Unions	53,800	4.5	59,700	4.8
Open End Mutual Funds	49,493	4.1	55,779	4.4
U.S. Savings Bonds				
E&H Series	79,900	6.7	73,000	5.8
Total	1,194,693		1,256,279	

U.S. Credit Union Totals
(\$ Millions)

Year	Credit Unions	No. of Members	Savings (Shares & Deposits)	Loans Outstanding	Reserves	Assets
1980p	21,930	45,420,000	65,250	47,450	3,250	72,250
1979r	22,002	43,614,000	58,006	52,272	2,957	66,699
1978	22,177	40,824,416	54,128	50,296	2,765	62,971
1977	22,407	36,860,406	46,740	41,907	2,555	54,182
1976	22,615	33,760,396	39,150	34,280	2,280	45,013
1975	22,703	31,151,763	33,116	28,218	2,020	37,937
1970	23,699	22,797,193	15,492	14,108	1,126	17,960
1965	22,119	16,753,106	9,249	8,095	590	10,552
1960	20,456	12,037,533	4,975	4,377	272	5,653
1955	16,201	8,153,641	2,447	1,934	110	2,743
1945	8,683	2,842,989	369	128	24	435
1935	3,372	641,797	NA	NA	NA	50
% change 79-80	-0.3%	4.1%	12.5%	-9.2%	9.9%	8.3%
% change 70-80	-7.5%	99%	321%	236%	189%	302%

p-preliminary r-revised

by the federal credit restraint program and rising unemployment rate. Credit union lending was also slowed by the 12 percent loan interest rate ceiling in effect for the first part of the year, which made it economically unattractive for many credit unions to make loans.

The loan/share ratio started down in late 1979, and fell rapidly after April, 1980, reaching a low point in November, before rebounding slightly by year-end. The relatively low loan/share ratio at the end of the

year meant that most credit unions had an abundance of funds available to lend as consumer borrowing started what is predicted to be a slow increase during 1981.

State-by-State Statistical Information 1979

	# of Credit Unions	Members	Savings (\$000)	Loans Out standing (\$000)	Reserves (\$000)	Assets (\$000)	Share Drafts (\$000)	First Mortgage Loans (\$000)	Employees		
									Full Time	Part Time	Volun- teers
Alabama	305	672,671	892,219	784,264	55,478	1,013,269	41,570	106,400	1,180	360	1,710
Alaska	29	253,475	396,381	373,593	14,842	441,188	47,860	35,280	530	30	220
Arizona	159	627,844	743,971	693,557	33,647	822,710	19,380	28,370	1,850	170	1,250
Arkansas	157	136,274	140,990	129,601	9,149	160,002	460	7,370	280	140	880
California	1,601	5,507,955	8,615,356	8,060,533	409,233	10,151,844	216,040	707,630	7,290	1,360	17,140
Colorado	323	718,882	993,338	909,091	52,051	1,129,659	26,130	65,640	1,170	380	2,900
Connecticut	449	704,874	782,621	775,742	40,910	996,828	11,320	54,440	1,370	680	3,430
Delaware	74	104,766	132,838	120,551	7,803	152,659	2,560	6,920	130	110	730
D.C.	158	487,522	680,262	581,366	22,416	777,551	73,480	57,670	900	140	1,310
Florida	599	1,774,587	2,249,824	1,993,730	118,070	2,608,126	96,810	101,070	3,020	570	3,220
Georgia	475	799,343	1,067,278	955,458	46,484	1,200,486	9,560	68,790	2,360	740	2,830
Hawaii	159	362,764	667,737	590,301	32,557	755,327	3,840	61,660	580	160	1,700
Idaho	154	235,547	248,650	233,942	10,743	280,040	16,840	10,150	300	160	1,220
Illinois	1,445	1,788,151	2,340,582	2,175,574	146,849	2,684,334	53,780	123,800	2,130	1,570	6,260
Indiana	571	1,125,842	1,408,721	1,205,135	67,714	1,609,586	45,900	67,650	1,560	710	4,210
Iowa	391	513,570	561,896	521,296	42,487	639,184	18,220	17,800	830	410	2,240
Kansas	252	475,807	1,204,715	528,462	34,327	1,412,660	28,370	102,290	1,090	300	1,360
Kentucky	272	370,754	357,799	344,856	25,969	415,886	19,360	15,420	440	260	2,050
Louisiana	493	568,332	606,284	590,592	33,256	694,530	5,320	54,030	910	450	2,280
Maine	175	305,579	296,351	272,178	18,697	337,256	5,960	18,600	400	160	1,140
Maryland	242	838,821	1,119,704	991,177	54,861	1,276,421	37,990	57,290	2,710	530	1,520
Massachusetts	627	1,458,057	2,094,753	1,787,235	89,705	2,307,241	36,490	97,550	2,230	1,150	3,050
Michigan	929	2,831,466	3,535,049	3,176,348	199,617	4,149,535	156,640	116,270	4,410	1,500	4,910
Minnesota	325	705,381	850,946	804,572	56,429	965,301	44,140	108,500	910	480	1,580
Mississippi	236	284,020	258,898	251,722	13,689	300,700	7,320	22,150	940	280	1,350
Missouri	400	659,740	868,516	740,501	48,786	967,148	38,190	40,900	910	400	2,280
Montana	136	178,887	249,316	238,071	12,268	305,941	4,530	59,350	350	150	910
Nebraska	158	278,460	283,710	255,310	14,305	320,316	5,540	10,610	370	260	1,400
Nevada	69	166,077	274,163	265,927	9,655	307,832	7,670	25,540	390	50	510
New Hampshire	69	182,068	180,711	177,189	10,931	213,592	9,480	32,040	310	90	410



	# of Credit Unions	Members	Savings (\$'000)	Loans Out standing (\$'000)	Reserves (\$'000)	Assets (\$'000)	Share Drafts (\$'000)	First Mortgage Loans (\$'000)	Employees		
									Full Time	Part Time	Volun- teers
New Jersey	671	728,886	893,446	693,738	40,411	1,010,254	11,150	16,790	750	860	4,640
New Mexico	109	243,044	333,292	313,749	16,069	375,924	5,720	40,230	520	300	790
New York	1,258	1,955,488	2,586,916	2,340,830	137,025	2,962,995	57,150	90,190	3,010	1,650	8,490
North Carolina	358	699,239	940,494	879,593	50,697	1,072,490	12,420	42,310	830	300	3,360
North Dakota	100	149,671	218,594	189,674	9,551	242,012	17,030	27,380	310	120	680
Ohio	1,291	2,010,432	2,108,297	1,985,296	128,326	2,402,054	38,580	43,580	2,890	1,800	9,540
Oklahoma	174	496,575	820,275	702,455	34,843	931,502	33,690	67,120	870	150	1,150
Oregon	240	654,314	806,619	789,991	40,533	931,636	16,490	57,830	1,000	250	1,500
Pennsylvania	1,553	1,705,941	1,923,588	1,732,584	89,586	2,218,995	19,400	65,540	2,340	1,730	10,720
Puerto Rico	384	381,304	467,738	445,137	17,054	526,716					
Rhode Island	100	331,636	627,337	536,131	33,237	703,086	8,800	222,280	1,230	500	980
South Carolina	201	503,853	528,991	485,120	28,100	588,284	16,490	42,520	980	200	1,470
South Dakota	100	97,621	101,248	95,675	4,344	112,005	2,770	3,640	130	110	580
Tennessee	551	834,140	1,193,401	1,039,963	64,301	1,381,877	37,950	135,410	1,410	490	3,010
Texas	1,395	3,081,869	4,433,245	3,995,824	184,050	5,034,301	169,260	365,820	7,030	1,310	7,430
Utah	300	590,427	747,012	717,534	49,289	852,338	17,520	45,860	1,140	490	3,531
Vermont	74	78,959	72,184	75,312	4,332	82,775	1,570	710	110	80	660
Virginia	409	1,611,059	2,081,533	1,953,360	101,878	2,431,969	40,570	99,630	2,690	560	3,510
Washington	375	1,064,951	1,506,881	1,435,314	81,281	1,751,421	66,490	225,930	2,450	660	2,640
West Virginia	227	176,203	213,900	213,478	14,248	257,549	1,630	14,090	450	190	1,220
Wisconsin	637	1,021,610	1,209,494	1,042,255	90,510	1,334,330	33,850	186,580	1,470	980	3,220
Wyoming	63	78,703	87,732	81,512	4,672	97,106	2,570	4,300	100	60	420
Total	22,002	43,613,541	58,005,796	52,272,399	2,957,265	66,698,776	1,701,850	4,075,920	73,560	26,540	145,540

**Services by Asset Size
1979**

	\$1-250,000	250,001-500,000	500,001-1,000,000	1,000,001-2,500,000	2,500,001-5,000,000	5,000,001-10,000,000	10,000,001-25,000,000	25,000,001-50,000,000	50,000,001 & over	All credit unions
Share drafts	14%	13%	28%	74%	237%	367%	536%	700%	636%	109%
Money orders	18	38	82	162	297	397	486	539	543	139
Travelers checks	24	50	122	244	453	592	694	754	734	205
ATMs	0	0	0	0	0	3	37	79	111	5
Membership										
Once a member, always a member	57.8	67.6	74.3	78.5	77.2	79.3	82.2	82.1	72.2	70.5
Includes family	66.0	77.1	81.7	86.8	89.4	90.6	90.8	90.7	85.1	79.4
Select Empl. Groups	14.7	18.4	20.4	25.7	27.4	30.1	33.9	30.4	30.6	21.6
Share Certificates										
Money market (MMC)	13	55	130	222	370	470	553	589	457	174
Certificates of Indebtedness	13	32	52	91	136	166	185	204	277	70
Certificates of Deposit	68	159	235	326	435	505	594	671	526	253
Credit cards (includes Visa, Mastercard, Amex, other)	51	59	70	81	114	141	135	175	237	80
Open end credit	197	236	285	403	537	629	714	754	746	349

**Operating Ratios by Asset Size
1979**

	\$1-100,000	100,001-250,000	250,001-500,000	500,001-1,000,000	1,000,001-2,000,000	2,000,001-5,000,000	5,000,001-10,000,000	10,000,001-20,000,000	20,000,001-50,000,000	50,000,001 & over	All credit unions
Loans Out/Shares	80.9	91.7	95.5	96.4	96.8	95.4	95.4	93.7	90.3	87.3	94.5
Capital/Assets	7.0	7.4	7.6	7.5	7.6	7.2	7.1	6.4	5.8	5.1	6.3
Expense/Income	52.0	48.0	45.6	43.4	42.2	40.2	39.1	39.2	37.2	34.5	38.3
Share Drafts/Shares	2.4	1.9	1.0	.89	.6	1.4	1.9	3.2	3.7	4.4	2.9
Certificates/Shares	5.3	3.4	3.1	3.9	4.8	6.7	9.4	11.9	16.2	17.4	12.3
Avg. Shares for Member	\$248	475	632	786	947	1,115	1,252	1,301	1,524	1,848	1,289
Avg. Loan Granted	\$700	1,165	1,112	1,679	1,861	1,968	2,163	1,983	2,021	2,100	1,950
Liquid Assets/Assets (short term inv.)	9.0	6.7	6.0	6.1	6.0	6.0	5.1	4.9	5.2	4.1	5.1

Published by:
Credit Union National Association, Inc.
 Box 431
 Madison, Wisconsin 53701